



MYOB Business Monitor

The voice of Australia's business owners

> August 2010

myob.com.au

MYOB Business Monitor August 2010 – Australia – Highlights

First major resurgence in Australia business revenue since the GFC

For the first time since the Global Financial Crisis, more business owners in Australia report revenue increases (35%) than report revenue decreases over the last 12 months (22%) – from the reports of revenue increases the average size of all of the revenue increases reported is +26%.

Bigger revenue increases are reported by bigger businesses. For example, 41% of owners of medium businesses (20-199 employees) report revenue increases, whereas only 32% of sole traders report revenue increases.

Start-up business (<2 years) owners appear to be faring better over the last year, with 40% reporting a business revenue increase over the last 12 months (vs. 26% of > 10 years mature business owners).

Business owners who leverage their own website to promote their business are more likely to report a revenue increase (39%) than those who don't have a business website (32%).

South Australian business owners are far more likely to have enjoyed revenue increases (50%) - the national average revenue increase across all States is 35%.

The most positive reports of revenue increases come from business owners in the Professional & Business Services (39%) and Agriculture, Forestry & Fishing (38%) industries.

Half of business owners are already seeing more work/sales in the pipeline for the next 3 months

Optimism increases, with 49% of business owners surveyed reporting more work/sales in the pipeline than normal and 35% reporting no change, while only 14% report less.

Bigger businesses are more likely to report more sales immediately ahead, with 58% of medium business and 53% of small business owners reporting more than normal work/sales in the pipeline.

The highest reported levels of work/sales in the pipeline are from business owners in South Australia (63%), in Agriculture, Forestry & Fishing (59%), and in Professional & Business Services (52%) - vs. the national average of 49% of all business owners.

Nearly half of business owners expect revenue increase in next year

Nearly half (47%) of all business owners surveyed expect their business revenue to increase over the next 12 months, and only 7% expect their business revenue to decrease.

Those most confident about their business revenue increasing over the next 12 months are business owners in start-up businesses (59%), Professional & Business Services (55%), South Australia (52%), and medium businesses with 20-199 employees (52%).

Cash flow expected to put most pressure on Australian business owners in next year

One third (32%) of business owners surveyed report that cash flow will put pressure on their business in the next 12 months. This is the highest of 17 potential business pressure points measured in this survey. Cash flow is expected to put pressure most on business owners in the Manufacturing & Wholesale (43%), Agriculture, Forestry & Fishing (34%) and Construction & Trades (34%) industries.

More than one quarter (28%) of business owners expect lagging customer payments will pressure on their business in the months ahead, which explains their concern about cash flow.

Price margins and profitability remain a major concern, especially in Manufacturing & Wholesale sectors

Price margins and profitability are expected to put pressure on 29% of business owners. This pressure point is highest for Manufacturing & Wholesale business owners (40%), and business owners with annual business revenues of \$1-5m (38%).

Fuel prices will continue to put extreme pressure on Transport, Agriculture and Construction & Trades sectors

As to be expected, business owners in Transport (64%), Agriculture, Forestry & Fishing (41%) and Construction & Trades (35%) continue to be the most concerned about the likely pressure that fuel prices will place on their businesses in the next 12 months.

Competitive activity expected to be a pressure in the coming year

One quarter (24%) of business owners expect pressure from competitive activity in the coming year. In particular owners of medium businesses (37%), along with business owners in Transport (36%) and Finance & Insurance (35%) expect competitive pressure.

Accountants continue to be the main source of help to run business better

Half (49%) of business owners go to their accountant for information or help on how to run their business better, while 23% of business owners go to business associates and other business people for this purpose.

Government 'red tape' and legislation biggest impact on achievement of business goals

Five factors were measured for their impact on the ability of business owners to achieve their business goals.

The two factors with the most impact business owners achieving their business goals are:

- **'Understanding how new Government legislation impacts your business'** (59%)
- **'Having to deal with Government red tape'** (59%)

Business owners less dissatisfied than ever with Federal Government's support

Just over a quarter (27%) of the business owners surveyed report they are satisfied and 31% report they are dissatisfied with the Federal Government's support for businesses like theirs.

This downward trend of dissatisfaction has continued throughout 2009, was interrupted in April 2010, and has now recommenced.

Owners of medium businesses continue to be least dissatisfied (16%) with the Federal Government's support.

Younger business owners more satisfied than dissatisfied, older business owners the reverse

Younger (18-39 year old) business owners are now more satisfied than dissatisfied (38% vs. 22%) with the Federal Government's support for business, whereas older (40+ year old) business owners are the reverse, and are more dissatisfied than satisfied (20% vs. 36%).

Business owners in Agriculture industry and in Queensland least happy with Federal Government

Business owners in the Agriculture, Forestry & Fishing industry are much more dissatisfied (51%) than business owners in other industry sectors. Business owners in Queensland are somewhat more dissatisfied (40%) on this issue than businesses in other States.

Five most appealing policies to Australian business owners

Five of fourteen possible policies researched would attract the most votes from business owners because of their ability to help their business:

1. Allowing small business to immediately claim up to \$5000 for depreciation of assets (74% For vs. 6% Against)
2. Legislating fee-free banking at the major banks for small businesses with fewer than 10 employees (73% For vs. 9% Against)
3. Providing a simplified and standard Business Activity Statement (BAS) form (68% For vs. 7% Against)
4. Assisting 24 months interest-free business financing packages from major banks for small business with fewer than 10 employees (64% For vs. 9% Against)
5. Lowering the small business tax rate from 30% to 29% (62% For vs. 8% Against)

Table of Contents

MYOB Business Monitor August 2010 – Australia – Highlights	2
About the study	6
Reporting by Industry, State and Business Size	7
Business revenue in Australia compared with a year ago	8
Work or sales in the pipeline in next three months	12
Expectations of business revenue growth over the next 12 months	14
The main pressures on business owners in Australia over the next 12 months	18
Sources of information to help them run their business better	21
Impact of certain factors on ability to achieve business goals	23
Present satisfaction with Federal Government’s support of businesses	24
Business owner voting preference on fourteen potential Federal Government policies	29

About the study

This report presents the summary findings for key indicators from the MYOB Business Monitor (which started in 2003) comprising a national sample of **1,000** business proprietors and directors, conducted in July 2010. The businesses participating in the online survey are defined as both non-employing and employing businesses with 0 employees ('sole traders'), 1-4 employees ('micro businesses'), 5-19 employees ('small businesses') and 20-199 employees ('medium businesses'). Results have been weighted to reflect the business population distribution according to the Australian Bureau of Statistics (ABS) for company size, length of time operating, region, and selected ANZSIC Industry divisions (refer to ABS publications *Characteristics of Small Business, 2004*; 8127.0 and *Counts of Australian Businesses, June 2007*; 8165.0). Industries have then been grouped (see next page) for the purposes of providing meaningful results based upon sample segments of reasonable size, and with a lower margin of error.

This research report was prepared by *The Financial Research Company* and fieldwork was completed by *Colmar Brunton* (a Millward Brown Company) for:

MYOB

Naomi Hellenen

(03) 9222 9951

naomi.hellenen@myob.com

myob.com.au

The key indicators presented in this report include:

Business Issues

- Business revenue compared with 12 months ago
- Projected work or sales for next 3 months compared with usual
- Expectations of business revenue in 12 months' time
- Main pressures on business in Australia in next 12 months
- Sources of information to help run business better
- Impact of certain factors on ability to achieve business goals

Government

- Present satisfaction with Federal Government's support of business
- How business owners would vote on 14 potential Federal Government policies on basis of helping or hindering their business

Reporting by Industry, State and Business Size

The findings of this research are reported by industry type:

Industries have been grouped as follows for the purposes of providing meaningful results based upon sample segments of reasonable size, and with a lower margin of error. Occasionally in this report, industries have been de-grouped where there are very different results between those in an industry grouping.

Industry	Sample
Agriculture, Manufacturing and Wholesale	113
Construction and Trades	152
Transport	48
Finance and Insurance	57
Professional and Business Services	264
Retail and Hospitality	157
Other Industries* (included in total results)	209
Total	1,000

*Other Industries, combined because their sample segment numbers on their own have too high a margin of error, include these sectors: Communication Services; Cultural & Recreational Services; Education; Electricity, Gas & Water Supply Services; Health & Community Services; Mining; and Personal & Other Services.

The findings of this research are also reported by State for some questions, and the sample size in each State is as follows:

State	Sample
New South Wales (NSW)	337
Victoria (VIC)	286
Queensland (QLD)	180
South Australia (SA)	62
Western Australia (WA)	99
Other States and Territories	36
Total	1,000

The findings of this research are also reported by the number of employees in each of the businesses surveyed and was capped for companies with less than 200 employees. The proportions of sole, micro, small and medium businesses are in line with their proportions of all businesses in Australia.

Number of Employees/Business Type	Sample
0 Employees/Sole Traders	560
1-4 Employees/Micro Business	260
5-19 Employees/Small Business	120
20-199 Employees/Medium Business	60
Total	1,000

Business revenue in Australia compared with a year ago

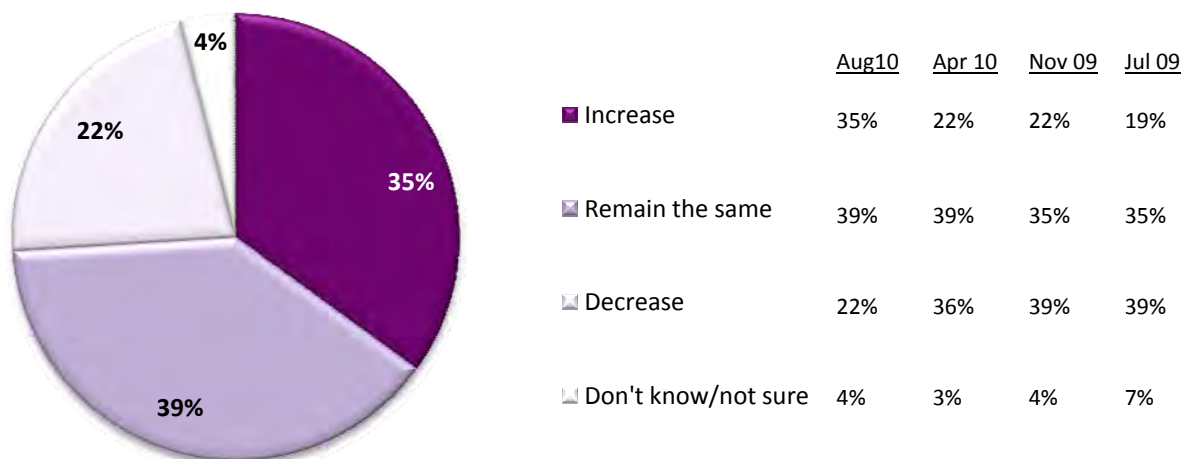
For first time since the Global Financial Crisis, more Australian businesses report positive reversal of fortune over the last year

Base: Business owners and directors (n = 1,000)

Q. At the present time, is your business revenue (i.e. your gross from sales) up or down on a year ago, or about the same? Please indicate how much your business revenue (i.e. your gross from sales) is up or down on a year ago? (Please type in the percentage in the box below)

Just over a third (35%) of business owners surveyed report revenue increases over the last 12 months and 39% report revenue has stayed the same, while 22% report revenue decreases over that period. This is the first time since the Global Financial Crisis that Australian business owners have been more positive than negative about their past year's revenue. In April 2010, on the other hand, 22% of Australia business owners reported increases in revenue, while 36% reported decreases in revenue over the last 12 months. (See Figure 1)

Figure 1: Revenue increases vs. decreases last 12 months: by Total Sample (% of n=1,000)



Revenue increases of between 10-19% and decreases of 20-29% most commonly reported

Of the 35% of business owners reporting a revenue increase over the last 12 months, close to a third (31%) report an increase of between 10-19%, while 22% report a revenue increase of 20-29% (the average of all revenue increases reported is 26%).

Of the 22% of business owners reporting a revenue decrease in the last 12 months, 33% report a decrease of 20-29%, while 24% report a decrease of 10-19% (the average of all revenue decreases reported is 27%).

These proportions of revenue increases closely parallel those reported in April 2010, and the proportions of revenue decreases show slightly larger decreases than in April 2010. (See Figure 1.1 and Figure 1.2)

Figure 1.1: Revenue **increase** percentages in last 12 months: by 35% of Total Sample (% of n = 352)

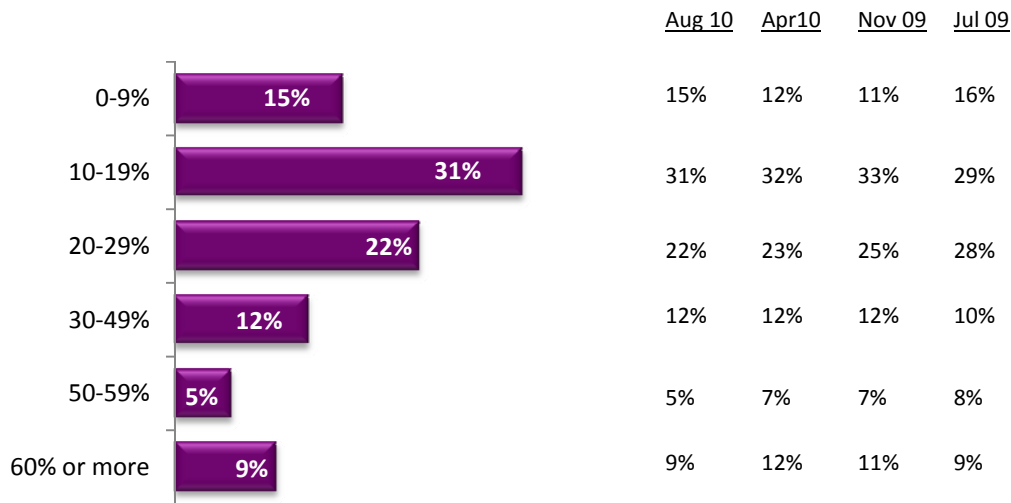
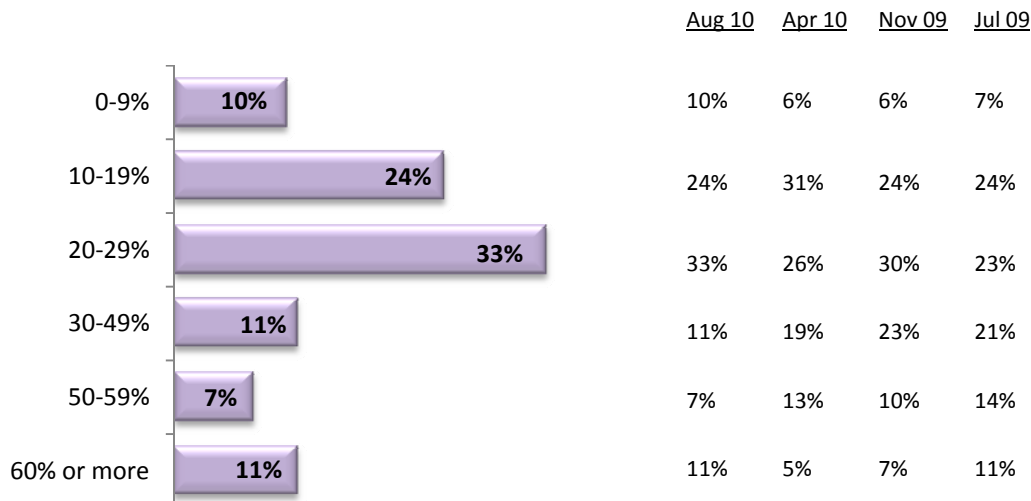


Figure 1.2: Revenue **decrease** percentages in last 12 months: by 22% of Total Sample (% of n = 217)



More bigger businesses report revenue increases than smaller businesses do

Two fifths (41%) of both medium business (20-199 employees) owners and small business (5-19 employees) owners report business revenue increases, compared to 37% of micro business (1-4 employees) owners, and 32% of sole traders (0 employees). Fewer medium business owners (17% vs. 22% in the case of all the others) report a decrease in their business revenue over the last 12 months. (See Figure 1.3)

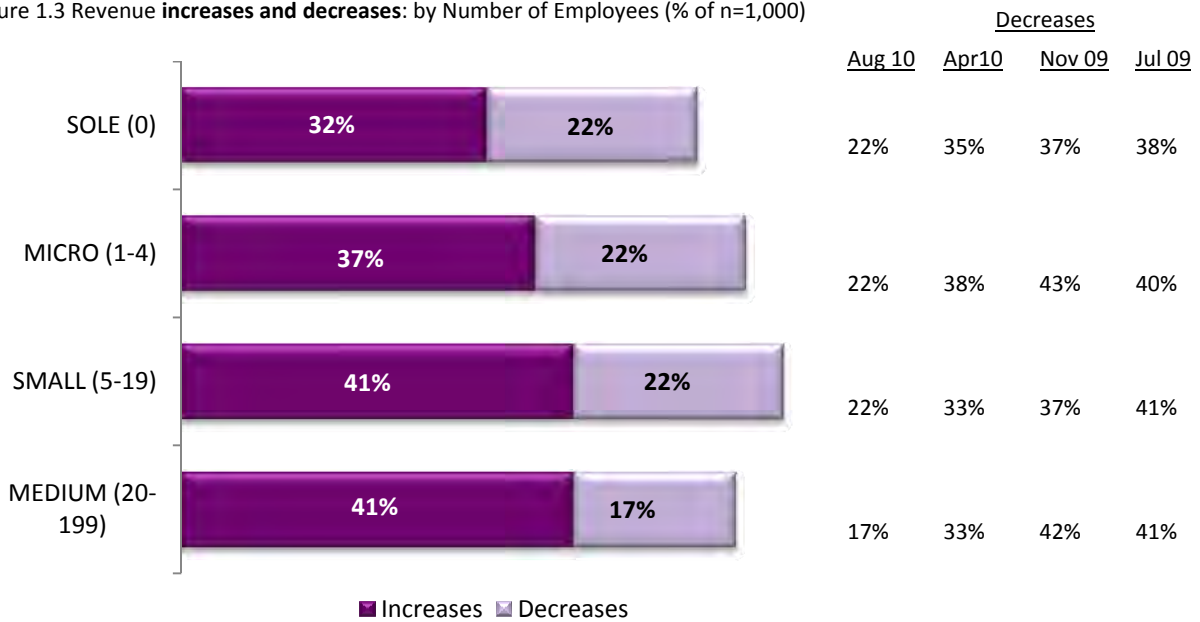
Start-ups faring better than mature businesses are

Two fifths (40%) of start-up business (<2 years) owners report a revenue increase over the last year, compared to only one quarter (26%) of mature business (>10 years) owners who report a revenue increase over that time

Business owners with a website report a more successful year

As in previous surveys, those businesses with a website are more likely to have had a revenue increase in the last year (39%), compared with businesses that don't have a website promoting their business (32%).

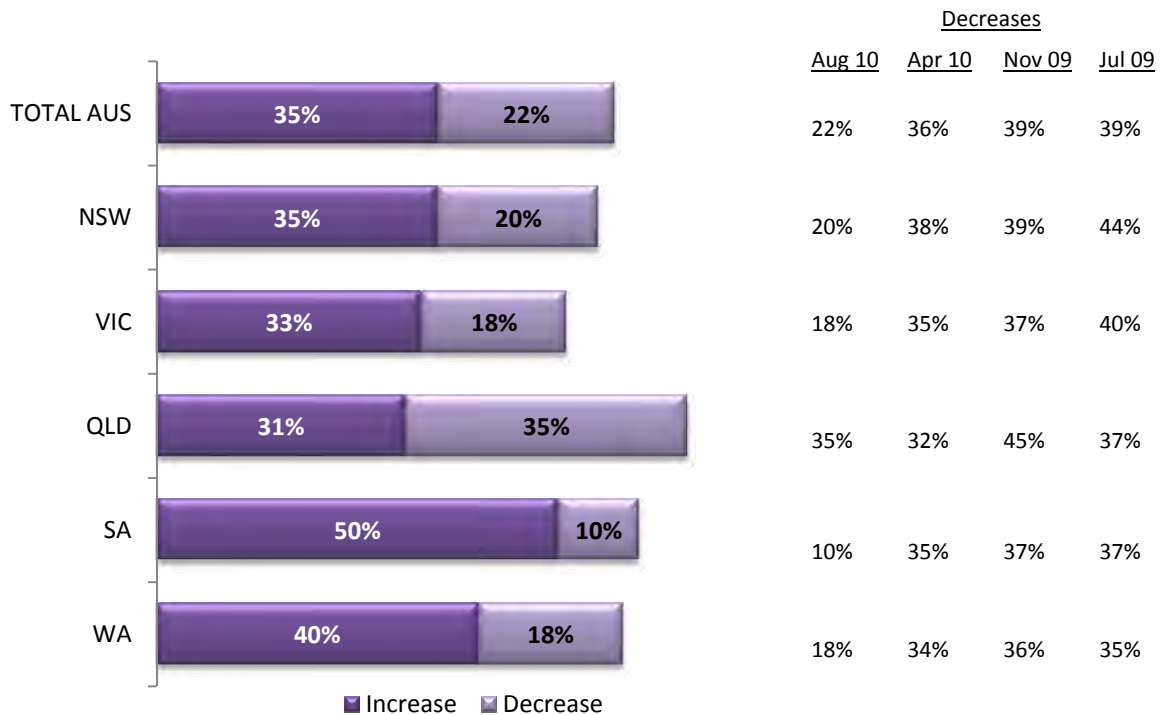
Figure 1.3 Revenue **increases and decreases**: by Number of Employees (% of n=1,000)



South Australian business owners report major revenue increases, minor revenue decreases

Half (50%) of business owners in South Australia report revenue increases, and only 10% report revenue decreases in the last 12 months, which compares with the 35% of business owners in that State reporting revenue decreases in April 2010. Western Australia is the other State where businesses have more positive than average reports, with 40% of business owners in Western Australia reporting a revenue increase, and only 18% reporting a decrease. In Queensland, slightly fewer business owners report revenue increases (31%) than report revenue decreases (35%). (See Figure 1.4)

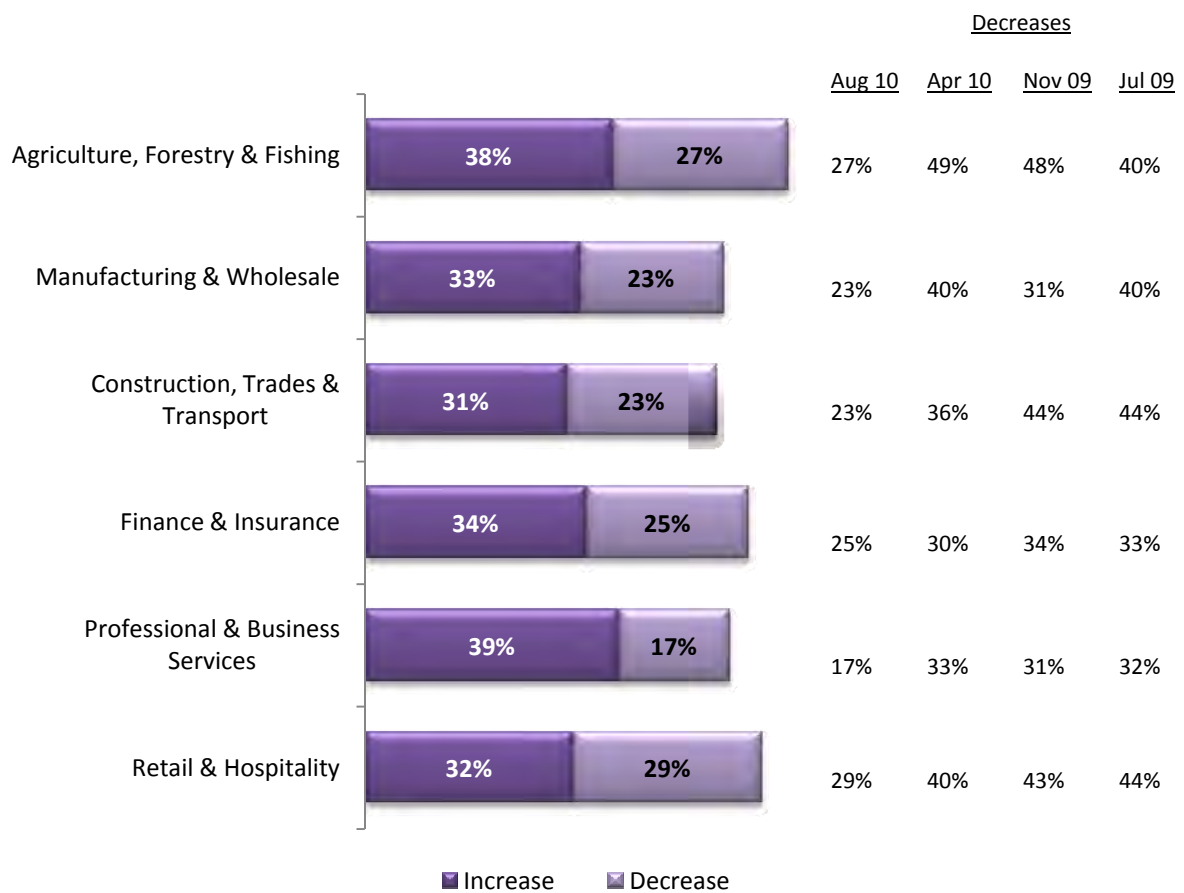
Figure 1.4 Revenue **increase and decrease** percentages reported over last 12 months: by State (% of n = 1,000)



More business owners report revenue increases than report revenue decreases across all industry sectors in Australia

For the first time in over a year, more business owners across all industry categories are reporting revenue increases rather than decreases over the last 12 months, with increases reported from around a third to two fifths of business owners in Construction, Trades & Transport (31%), Retail & Hospitality (32%), Manufacturing & Wholesale (33%), Finance & Insurance (34%), Agriculture, Forestry & Fishing (38%) and Professional & Business Services (39%). And while business revenue decreases are reported by fewer business owners than were reported in April 2010 and November 2009, close to one third (29%) of business owners in Retail & Hospitality and just over a quarter (26%) of business owners in Agriculture, Forestry & Fishing still report business revenue decreases over the last 12 months. (See Figure 1.5)

Figure 1.5 Revenue **increase** and **decrease** percentages reported over last 12 months: by Industry (% of n = 1,000)



Work or sales in the pipeline in next three months

Half of business owners report higher than normal work in the pipeline and 14% report lower than normal pipeline work

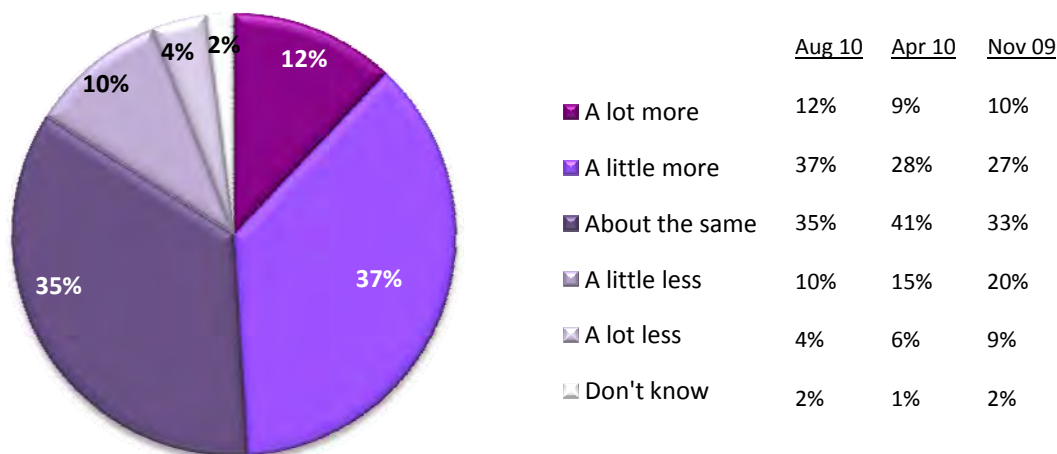
Base: Business owners and directors (n = 1,000)

Q. Please indicate how much work you have got on, or what sales you have in the pipeline, in the next 3 months, compared to what you would usually expect or normally have. *(Please select one only)*

Business owners now more likely to report more work in the pipeline than no change

In positive news, just on half (49%) of the business owners surveyed report higher than normal work/sales in the pipeline for the next 3 months, and 35% report no change. This contrasts with the findings in April 2010, when 37% reported more than usual and 41% reported no change. Only 14% of business owners report lower than normal levels of pipeline sales, compared with 21% reporting this in April 2010 and 29% reporting this in November 2009. (See Figure 2) In line with their reported revenue increases over the last year, and in line with the last two surveys, medium business owners (58%) are more likely to have a little more (44%) or a lot more (14%) work or sales in the pipeline than usual, followed by small business owners, who report a little more (40%) or a lot more (13%) work or sales in the pipeline than usual.

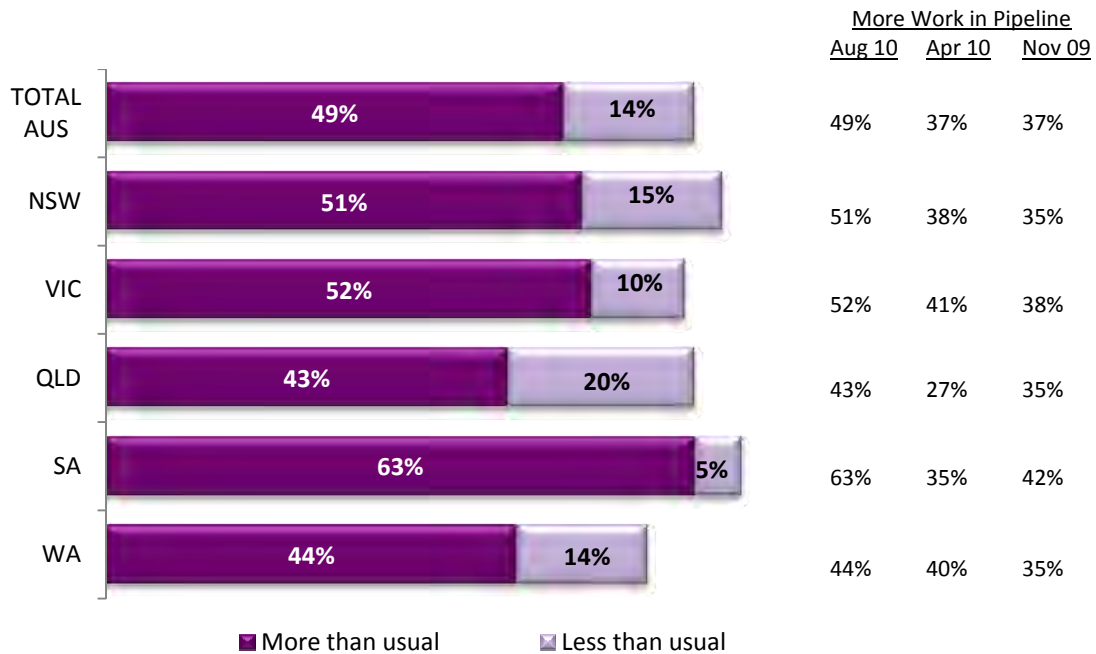
Figure 2 Work or sales in pipeline for next 3 months compared with usual: by Total Sample (% of n = 1,000)



Impressive turnaround in pipeline sales/work for business owners in South Australia

63% of business owners in South Australia report more work or sales than normal in the pipeline, whereas in April 2010 only 35% of business owners in South Australia reported this. All other States are reporting considerably more work or sales in the pipeline since the April 2010 survey. The business owners more likely to report lower than normal pipeline sales or work are in Queensland (20%), and the business owners least likely to report lower than normal pipeline sales or work are in South Australia (5%). (See Figure 2.1)

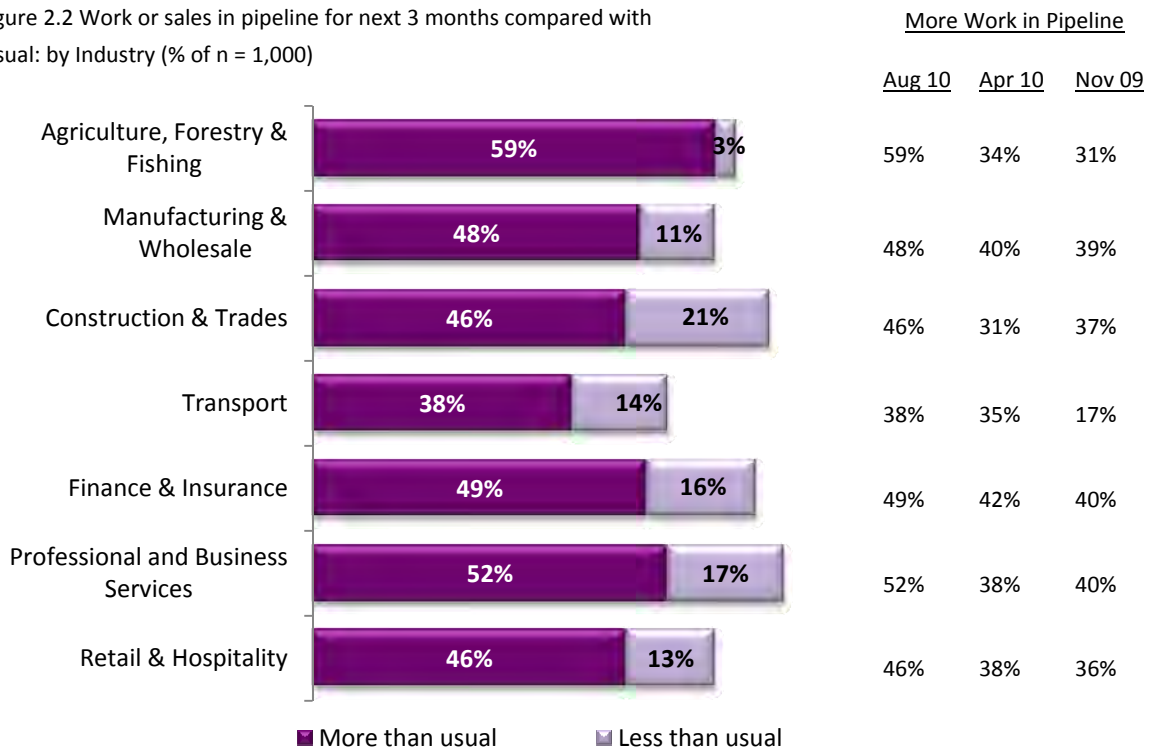
Figure 2.1 Work or sales in pipeline for next 3 months compared with usual: by State (% of n = 1,000)



Agriculture, Forestry & Fishing businesses most likely to have more than normal pipeline work

59% of business owners in the Agriculture, Forestry & Fishing industry report above normal work/sales in the pipeline (compared with 34% who reported this in April 2010). More (52%) Professional & Business Services business owners report more than usual work/sales in the pipeline than did in April 2010 (38%). Only slightly more (38%) business owners in Transport report higher pipeline work/sales than they did in April 2010 (35%), which is still well above November 2009, when only 17% in Transport reported above normal pipeline work/sales. (See figure 2.2)

Figure 2.2 Work or sales in pipeline for next 3 months compared with usual: by Industry (% of n = 1,000)



Expectations of business revenue growth over the next 12 months

Future business revenue growth confidence still behind pre-GFC level, but not far behind

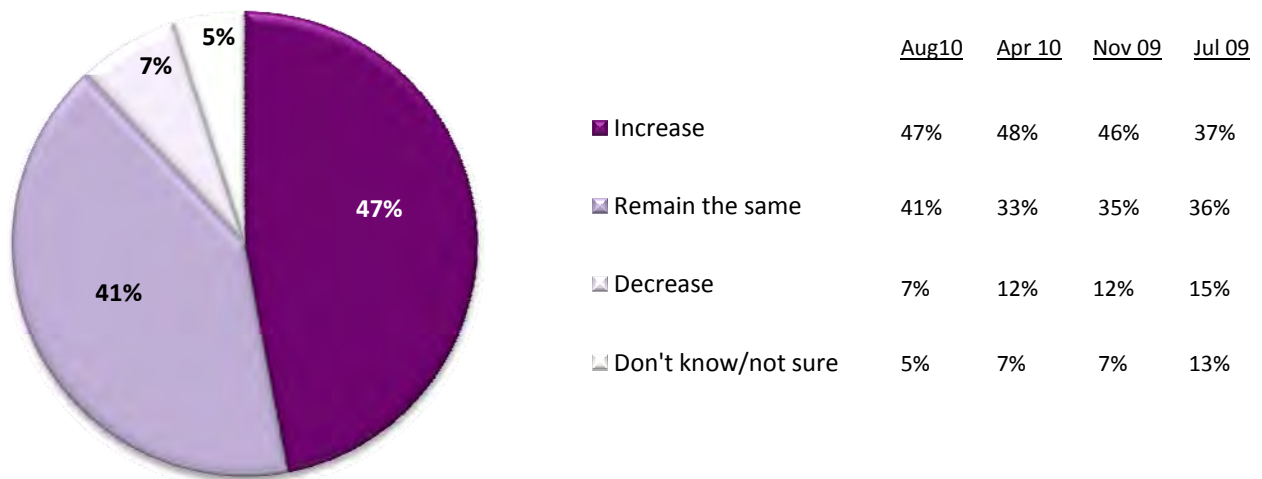
Base: Business owners and directors (n = 1,000)

Q. And how do you expect your business revenue (or gross turnover or sales) in 12 months' time to compare with your business revenue at the present time?

Just under half of business owners expect their business revenue to increase over next 12 months

While, in a positive sign, 47% of business owners surveyed expect their business revenue to increase over the next 12 months, business confidence has not yet completely returned to pre-GFC levels (when 53% of business owners surveyed in September 2008 predicted business revenue increases in the year ahead). Although expectations of future business revenue increases differed little in November 2009 and April 2010, only 7% of business owners surveyed now expect business revenue decreases in the next 12 months, which is less than half the number who expected future business revenue decreases in July 2009 (15%). (See Figure 3)

Figure 3: Expectations of business revenue in 12 months' time: by Total Sample (% of n = 1,000)



Owners of medium and small businesses remain slightly more optimistic than others

Owners of medium businesses (52%) and small businesses (50%) are slightly more optimistic about expected revenue increases over the next year than are owners of micro businesses (49%) and sole traders (44%). (See Figure 3.1)

Figure 3.1: Expectations of business revenue in 12 months' time: by Number of Employees (% of n = 1,000)



Owners of start-up businesses are most optimistic of all about expected business revenue increases

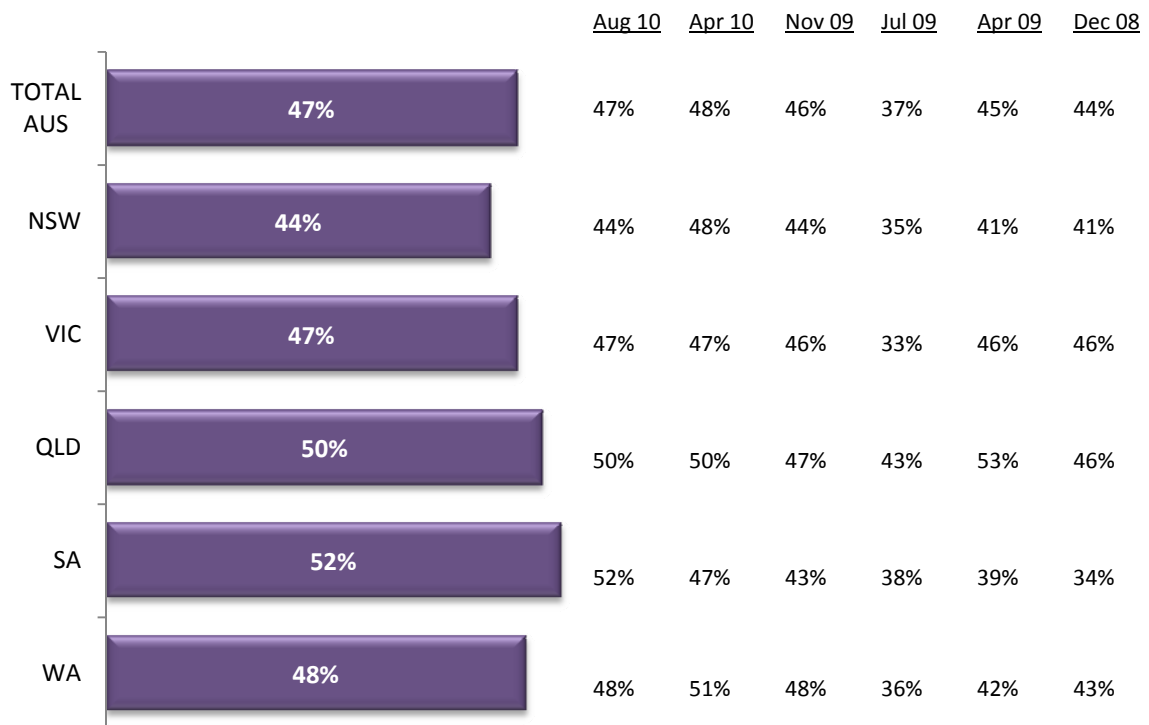
Three fifths (59%) of start-up (<2 years) business owners and nearly as many (56%) establishing (2-5 years) business owners are expecting a business revenue increase over the next year (as did 62% of start-up business owners in April 2010). At the other end of the confidence scale are owners of mature (>10 years) businesses, only 33% of whom expect business revenue increases in the coming year.

Business owners in South Australia see continuance of last 12 months business success

With half (50%) of business owners in South Australia reporting business revenue increases over the last year (See Figure 1.4) and 63% reporting higher than normal pipeline work (See Figure 2.1), it's not surprising that business owners in South Australia are the most confident (52%) about business revenue increases over the next year.

There has been a recovery of confidence in Queensland, where 31% of business owners report business revenue increases in the last 12 months (See Figure 1.4), 43% say that they have more than usual work in the pipeline (see Figure 2.1), and now 50% expect business revenue in the next 12 months, which is a more positive expectation than that held by the business owners in Western Australia (48%), Victoria (47%) and New South Wales (44%) for the year ahead. (See Figure 3.2)

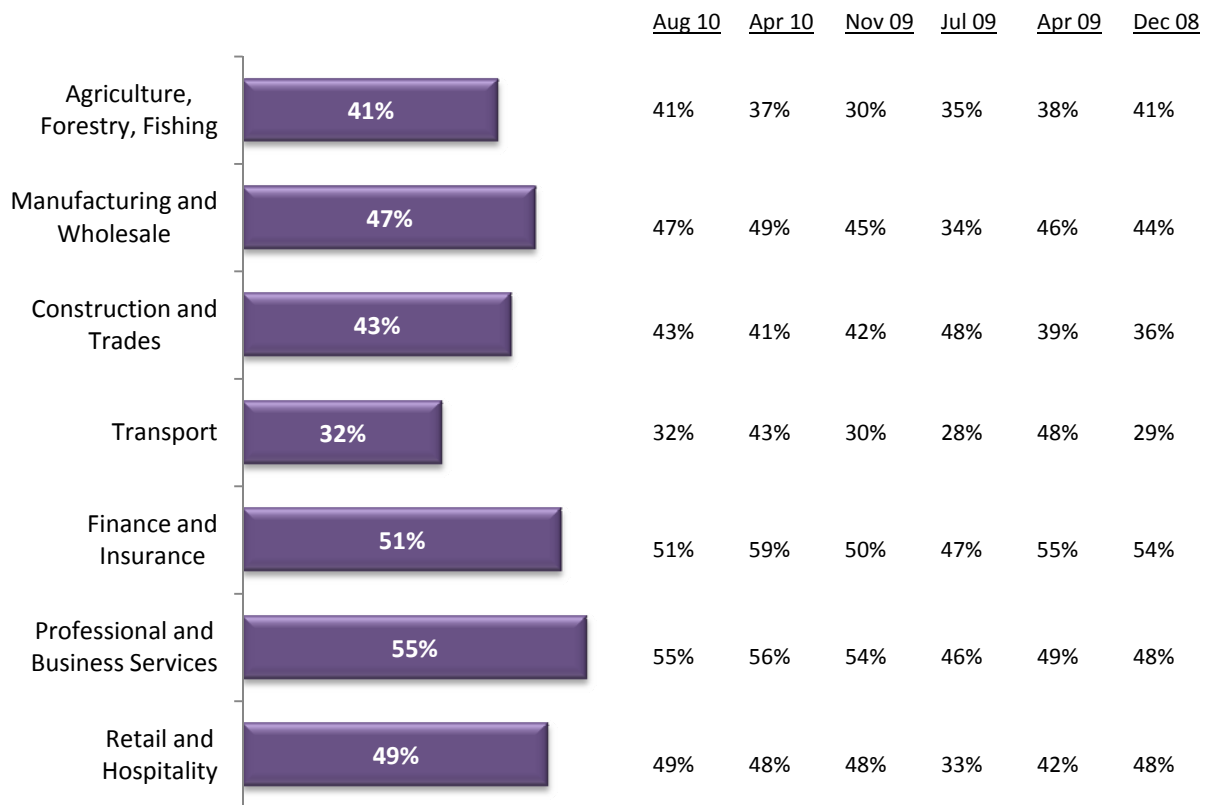
Figure 3.2 Expectations of business revenue **increases** in 12 months' time: by State (% of n = 1,000)



Optimism of Professional & Business Services and Finance & Insurance business owners contrasts with relative pessimism of Transport business owners

Business owners in the Professional & Business Services (55%) and Finance & Insurance (51%) sectors remain the most optimistic about their business revenue over the next year, as they were in April 2010 (but in reverse order). Business owners in all other sectors remain more positive than negative about their future business revenue, but business owners in Transport (32%) are more pessimistic than others about their business revenue over the next 12 months. (See Figure 3.3)

Figure 3.3 Expectations of business revenue **increases** in 12 months time: by Industry (% of n = 1,000)



The main pressures on business owners in Australia over the next 12 months

Business owners report number of increased pressures on their business in next 12 months, especially in terms of cash flow, price margins and profitability, timing of customer payments and interest rates

Base: Business owners and directors (n = 1,000)

Q. Whatever level of confidence you have about your business prospects now and in the next 12 months, please rate each of the following on how much pressure they will put on your business in the next 12 months?

(Please select one answer only for each statement)

The seven main pressures on business owners in the next 12 months remain broadly the same now as they were when measured in April 2010, but there are some changes in the ranking of which factors are now expected to place the most pressure on their business: (See Figure 4)

<u>Rank August 2010</u>		<u>(Rank April 2010)</u>
1.	Cash Flow: 32% will feel quite a lot or extreme pressure	(#2)
2.	Price Margins/Profitability: 29% will feel quite a lot or extreme pressure	(#3)
3.	Timing of Customer Payments: 28% will feel quite a lot or extreme pressure	(#6)
4.	Interest Rates: 26% will feel quite a lot or extreme pressure	(#4)
5.	Competitive Activity: 24% will feel quite a lot or extreme pressure	(#5)
6.	Fuel Prices: 24% will feel quite a lot or extreme pressure	(#1)
7.	Industry/Category Performance: 24% will feel quite a lot/extreme pressure	(#10)

More acute cash flow problems expected in Manufacturing & Wholesale, and small businesses

Cash flow is likely to put moderate to extreme pressure on business owners in Manufacturing & Wholesale (43%), on businesses with annual revenues of \$200-999K (40%), in small businesses (39%), in Agriculture, Forestry & Fishing (34%), and in Construction & Trades (34%).

Business owners in Manufacturing & Wholesale, with \$1-5m annual revenue and in larger businesses most expect margin squeeze

Price margins and profitability are likely to put more pressure on business owners in Manufacturing & Wholesale (40%), on business owners with annual revenues of \$1-5m (38%), on small business (36%) and medium business (35%) owners, and on business owners in Queensland (35%).

Timing of customer payments closely linked to cash flow, concerns similar business owners

The timing of customer payments is likely to bring most pressure on business owners in Construction & Trades (44%), with an annual business revenue of \$1-5m (41%), on small businesses (36%) and on businesses in Manufacturing & Wholesale (32%).

Interest rates remain 4th most anticipated pressure on business, but more pressure than a year ago

Just over a quarter (26%) of business owners surveyed expect Interest rates to put pressure on their business (compared with 20% in Jul 2009) (See Figure 4). Interest rates are expected to put pressure the most on business owners with \$1-5m annual revenue (36%), and medium business owners (33%), business owners in Queensland (33%), and business owners in Agriculture, Forestry & Fishing (33%).

Competitive activity remains 5th most anticipated pressure on business

Owners of medium businesses (37%) are most likely to be pressured by competitive activity in the coming year, as are business owners in Transport (36%) and Finance & Insurance (35%). At the other end of the scale, only moderate competitive pressure is expected by very few (10%) business owners in the Agriculture, Forestry & Fishing industry.

Fuel prices slip from 1st to equal 5th as expected pressure businesses in the coming year

Fuel prices are expected to put pressure on 24% of business owners surveyed. (See Figure 4). Fuel prices are expected to put extraordinary pressure on business owners in Transport (64%), and considerable pressure on business owners in Agriculture (41%) and in Construction & Trades (35%).

A quarter of business owners expect that their industry category performance, or lack of it, will add pressure to their business in the next 12 months

Industry or category performance has leapt from 10th most expected pressure on business in April 2010 to equal 5th most expected pressure on business now. (See Figure 4) The most wary about how their industry sector or category will perform and the pressure it will bring are business owners in Agriculture, Forestry & Fishing (36%) and Finance & Insurance (32%), while the least concerned are business owners in Professional & Business Services (16%).

One fifth now concerned about pressure on projects or sales, by volume and by value

Just over one fifth (22%) of business owners surveyed expect pressure to maintain business projects or sales by volume, and the same number expect pressure to maintain business projects or sales by value as well, compared with 16% who stated this as a concern in April 2010. Over the same period concern about the pressure of non-staff business costs has risen to 21% of business owners, up from 15% in April 2010. (See Figure 4) Those business owners expecting the most pressure in maintaining business volume (38%) and business value (35%) are in the Manufacturing & Wholesale industry.

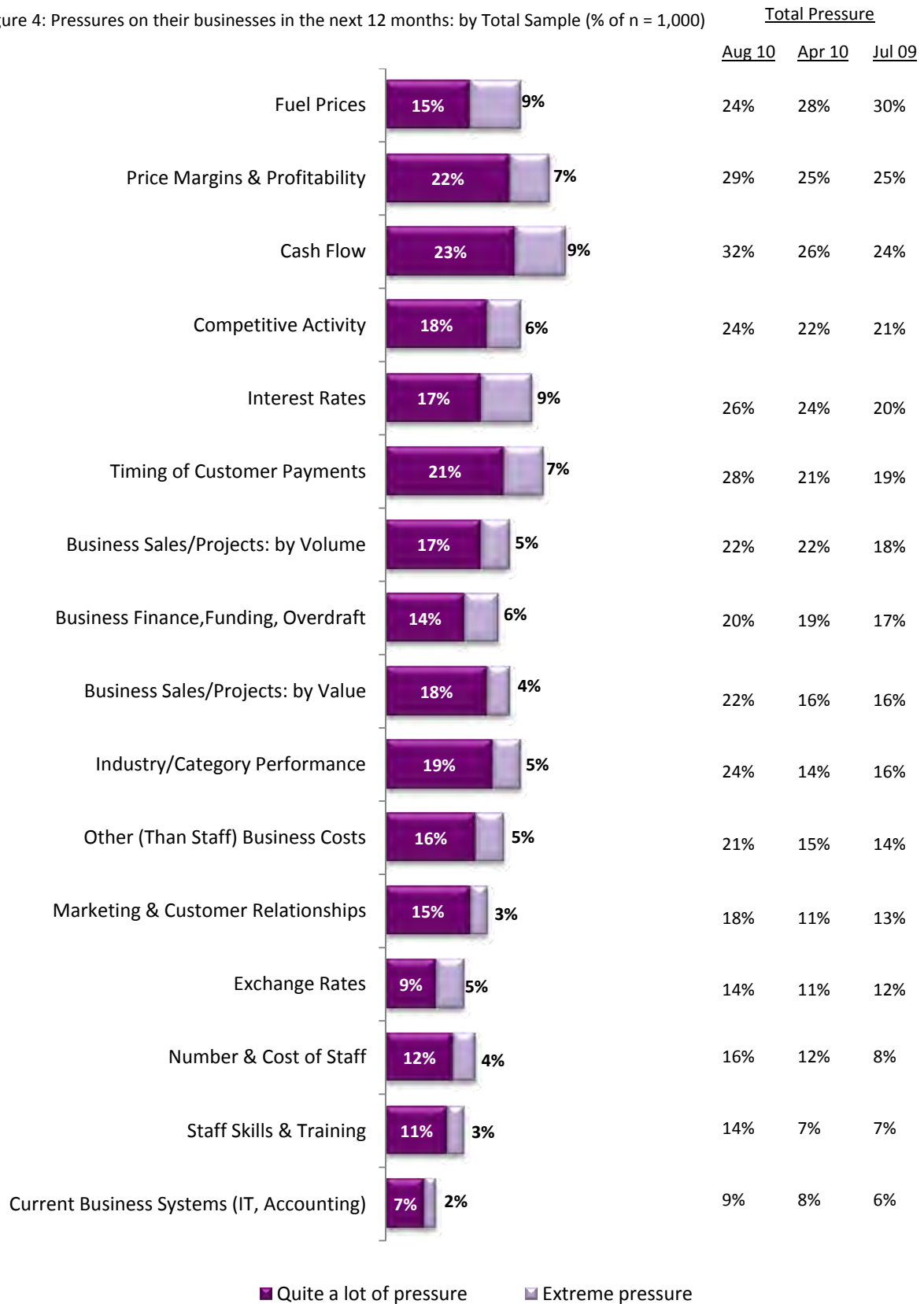
One fifth still expect pressure from business finance, funding, overdraft needs

One fifth (20%) of business owners surveyed expect some kind of business funding pressure in the next 12 months, as a similar number of business owners (19%) did in the April 2010 survey. (See Figure 4) Once again, this pressure is most expected by business owners in the Manufacturing & Wholesale (27%) and in Finance & Insurance (26%) industries.

Less pressure on businesses expected from five other factors, least of all from current business systems like IT and accounting

Just under one fifth (18%) of business owners expect Marketing and customer relationships to put pressure on their business, while one sixth (16%) of business owners still expect pressure from the number and the cost of their staff (which does not affect sole traders of course, as they, by self-definition, have no full time employees). 14% expect pressure from exchange rates, and the same number (14%) expect pressure on their business from improving or implementing staff skills and training. The least pressure of all is expected from their current business systems, including IT and/or accounting, which only 9% of those surveyed deem likely to put pressure on their business in the coming year.

Figure 4: Pressures on their businesses in the next 12 months: by Total Sample (% of n = 1,000)



Sources of information to help them run their business better

Business owners increasingly getting outside help, information to run their business better

Base: Business owners and directors (n = 1,000)

Q. And who, if anyone, do you ask for help or information to help you run the business better, and so enjoy your work more too?

(Previously, in April 2010: Q. And who do you ask for information about improving business performance?)

More than three quarters (78%) of business owners surveyed get some form of *help or information to help them run their business better*, compared with 65% of business owners surveyed in April 2010 who nominated their *sources of information or help to help them improve their business performance* (which was the form of the question in April 2010 – see above).

Half of all business owners ask their accountant to help them run their business better

Just under half (49%) of all business owners surveyed say that they get help or information from their Accountant to run their business better, compared with 30% of business owners surveyed in April 2010 who said that they use their accountant to help them improve the performance of their business. (See Figure 5) The business owners most likely to use their accountant to help them run their business are in Agriculture, Forestry & Fishing businesses (64%), in Transport (58%), in South Australia (61%) (where more business revenue increases were reported over the last 12 months), and are sole traders (59%).

Business associates or others in business and the Australian Taxation Office the only other sources of help or information on running business

Just under a quarter (23%) of the business owners surveyed report that they get information or help from business associates or other business people when they want assistance for how they should run their business. While 15% report that they use the Australian Taxation Office (ATO) for this purpose, which is three times as many business owners (5%) who reported this in April 2010. (See Figure 5) Those business owners most likely to consult with a business associate or other business people are in Agriculture, Forestry & Fishing (39%), and in South Australia (37%) (where more business revenue increases were enjoyed over the last year).

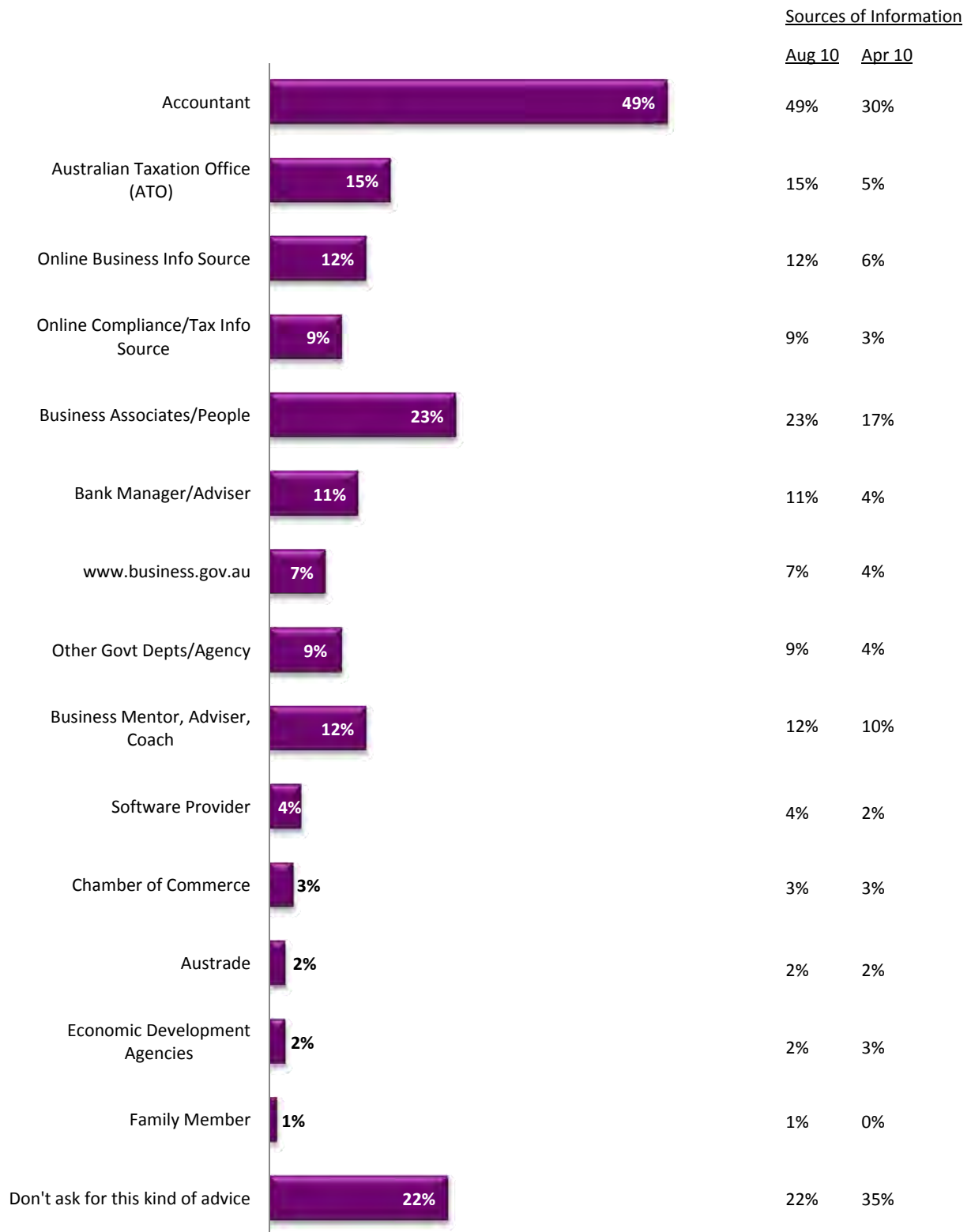
Business owners in three industry sectors somewhat less likely to seek help running their business

While 22% never seek information or help to run their business better (See Figure 5) and 78% of business owners do, only 69% of business owners in Construction & Trades and 69% of business owners in Manufacturing and Wholesale will do so. This compares with 89% of business owners in Agriculture, Forestry & Fishing and 83% of business owners in Professional & Business Services who will seek information or help related to running their business.

Very few business owners use the Internet to source business help

Only 12% of business owners surveyed report that they go online for business information, and only 9% of the business owners surveyed say that they go online for compliance or tax information. (See Figure 5)

Figure 5: Sources of Information to help to run their business better: by Total Sample (% of n = 1,000)



Impact of certain factors on ability to achieve business goals

Understanding how new Government legislation impacts their business and having to deal with Government 'red tape' have highest level of impact on their ability to achieve business goals

Base: Business owners and directors (n = 1,000)

Q. What level of impact does each of the following have on your ability to achieve your business goals?

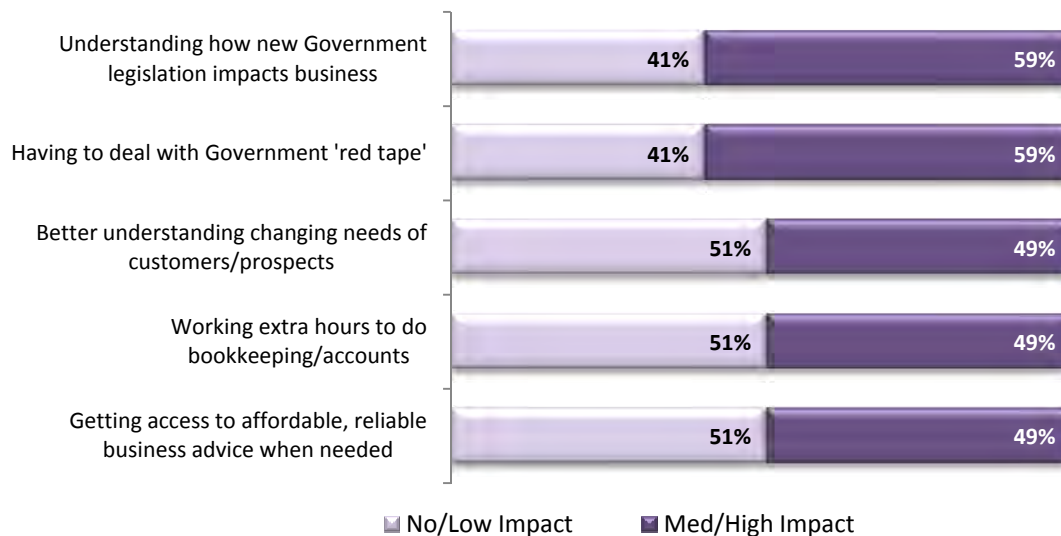
Of the five factors researched for their ability to impact on the achievement of business goals, 59% of business owners surveyed report that **understanding how new Government legislation impacts your business** has a medium or high impact on their ability to achieve their goals. (See Figure 6) The business owners who feel the most (medium to high) pressure here are in Agriculture, Forestry & Fishing (76%), Rural Australia (72%), South Australia (65%) and Finance & Insurance (67%).

The equal highest or heaviest impact is attributed (by 59% who say medium to high impact) to **having to deal with Government 'red tape'**. (See Figure 6) Those business owners who most want to cut the red tape are the same as those having difficulty understanding how new Government legislation impacts their business, and are in Agriculture, Forestry & Fishing (69%), Rural Australia (63%), South Australia (69%), and in mature (>10 years) businesses (63%).

Next, with 49% saying that this has a medium or high impact on their achievement of business goals, is **working extra hours to do your bookkeeping or accounts**, with 34% of business owners expecting this to have a medium impact and 15% expecting this to have a high impact on their ability to achieve their business goals. (See Figure 7) Business owners in South Australia (58%) are the only ones above the average expectations around this issue.

Just under half (49% in each case) of business owners surveyed expect medium to high impact from **getting a better understanding of the changing needs of your customers and prospects** and from **getting access to affordable and reliable business advice when you need it**. (See Figure 6) Business owners in the Agriculture, Forestry & Fishing industry (59%) have the only above average concern about getting access to affordable and reliable business advice.

Figure 6: Impacts on the ability of business owners to achieve their business goals: by Total Sample (% of n = 1,000)



Government

Present satisfaction with Federal Government’s support of businesses

For the first time since June 2008, business owners in Australia are almost as satisfied as dissatisfied with Federal Government’s support of and contribution to business

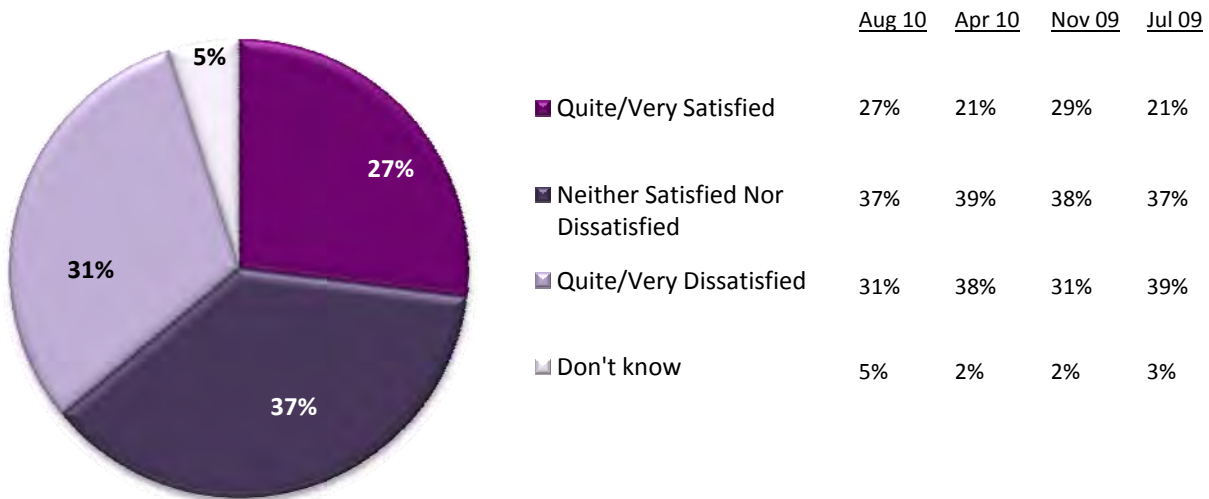
Base: Business owners and directors (n = 1,000)

Q. How satisfied are you with the Federal Government’s level of support for businesses like yours at this time, terms of helping your business success? Would you say that you are...?

Majority of business owners dissatisfied in 2008, minority dissatisfied in 2009 – now business dissatisfaction has decreased to its lowest level, and satisfaction to its highest level

Just over a quarter (27%) of business owners surveyed report that they are satisfied and 31% say that they are dissatisfied with the Federal Government’s support for businesses like theirs at this time. This downward trend of dissatisfaction has continued throughout 2009, was interrupted in April 2010, and has now recommenced. (See Figure 7)

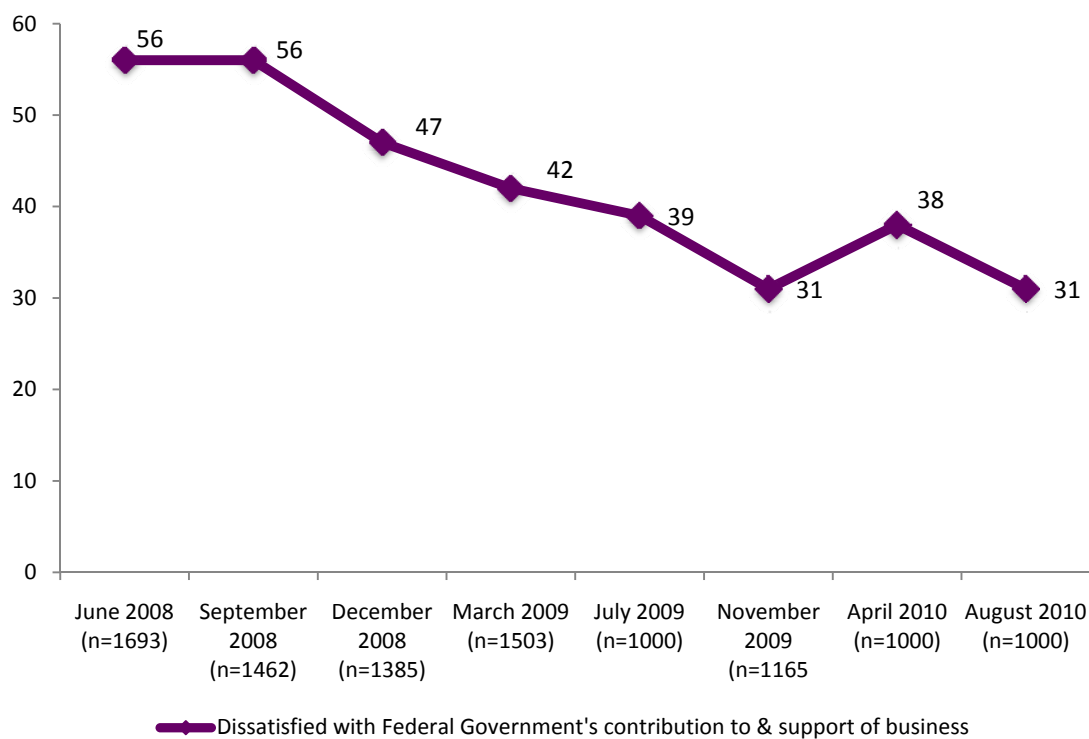
Figure 7: Dissatisfaction and Satisfaction with Federal Government’s support of business in Australia: by Total Sample % (n=1,000)



Dissatisfaction with Federal Government’s support for business now at equal lowest level since June 2008

Dissatisfaction with the Federal Government’s support for business steadily decreased from 2008 levels over 2009, from 56% of business owners in June 2008 and again in September 2008, to 39% in July 2009 and then to 31% in November 2009. In April 2010, dissatisfaction rose again, to 38%. And now in August 2010, dissatisfaction with the Federal Government has returned to the 31% level, as also measured in November 2009. (See Figure 7.1)

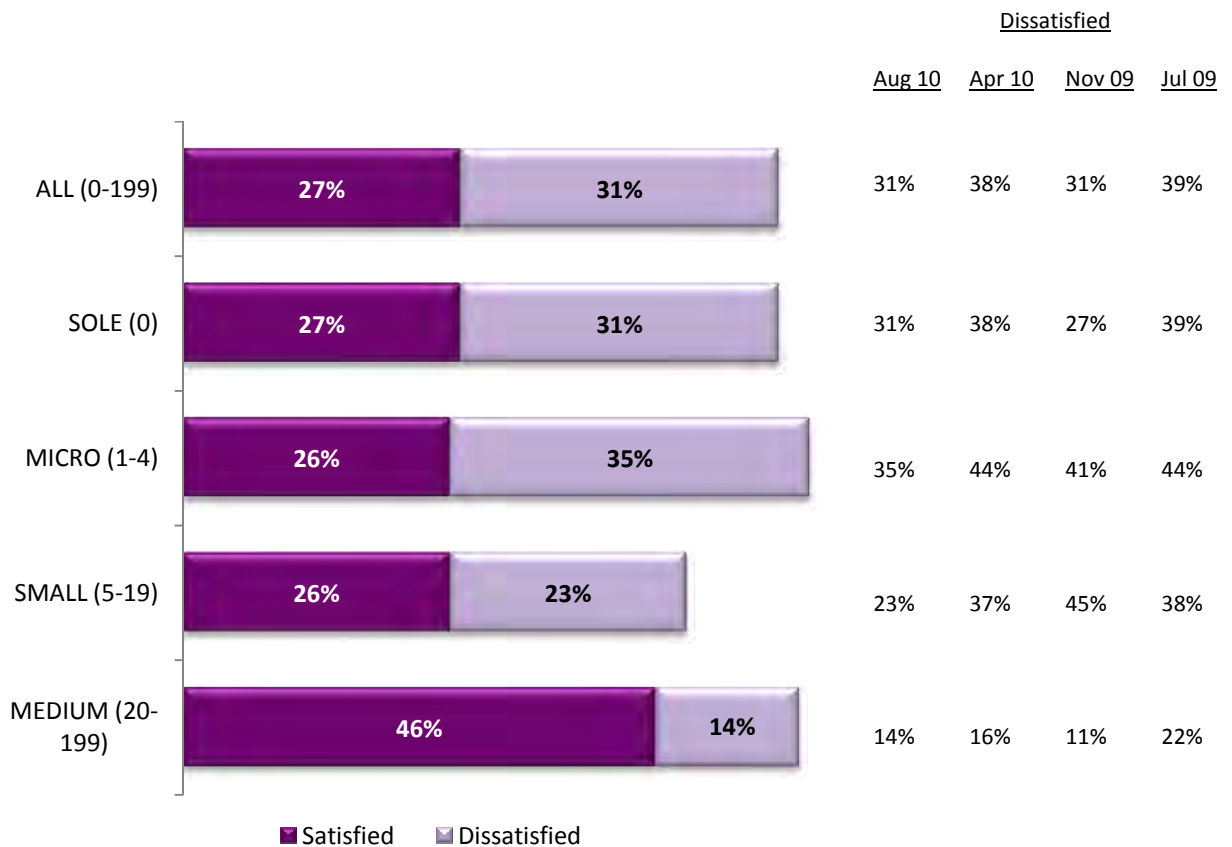
Figure 7.1 Dissatisfaction with Federal Government’s support for businesses like theirs. Total Sample (n=various, see below)



Medium businesses continue to be least dissatisfied with Federal Government’s support

46% of medium businesses owners are satisfied (compared with 40% in April 2010 and 58% in November 2009), and only 16% are now dissatisfied with the Federal Government’s support for business. The greatest decrease in dissatisfaction since November 2009 is amongst small business owners, 23% of whom are dissatisfied in August 2010, compared with 37% in April 2010 and 45% in November 2009. (See Figure 7.2) Interestingly, younger (18-39 years) business owners are much more satisfied than dissatisfied (38% vs. 22%) than older (40+ years) business owners, who are less satisfied than dissatisfied (20% vs. 36%).

Figure 7.2: Satisfaction and dissatisfaction with Federal Government’s support of business in Australia: by Business Size/Number of Employees (% of n=1,000)



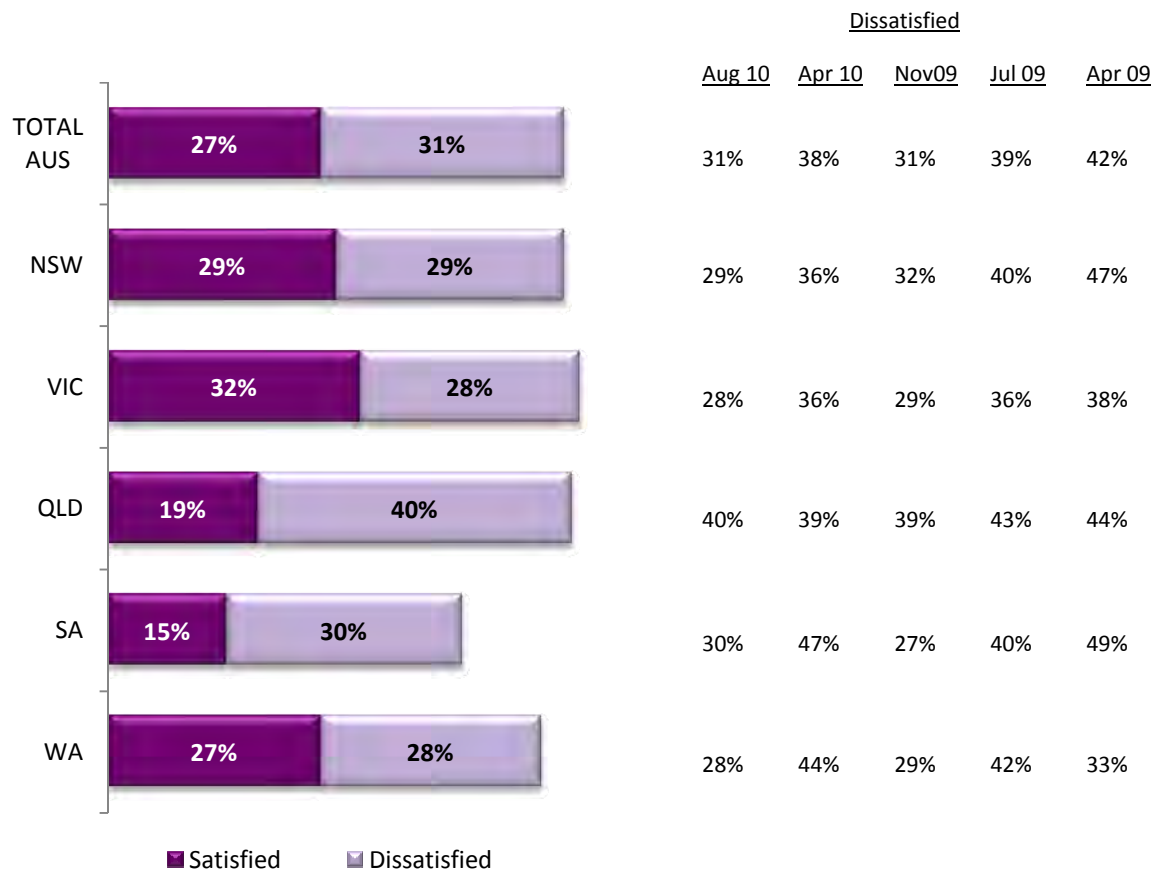
Queensland and South Australia business owners more dissatisfied with Federal Government

In Queensland, two fifths (40%) of business owners remain dissatisfied with the Federal Government’s support and only 19% are satisfied with that support. In South Australia, dissatisfaction has reduced greatly to 30% of business owners, but satisfaction with the Federal Government is now a low 15% of business owners in that State. (See Figure 7.3) Like South Australia (15%) and Queensland (19%) business owners, business owners in Rural Australia continue to be the least satisfied (19%) with the Federal Government, and are also once again the most dissatisfied (46%) with the Federal Government’s support for business.

Business owners in Victoria now more satisfied than dissatisfied

Business owners in Victoria are now more satisfied (32%) than they are dissatisfied (28%) with the Federal Government’s support of business. And business owners in New South Wales are as likely to be satisfied (29%) and they are dissatisfied (29%), as in Western Australia, where 27% of business owners say that they are satisfied and 28% of business owners say that they are dissatisfied with the Federal Government. (See Figure 7.3)

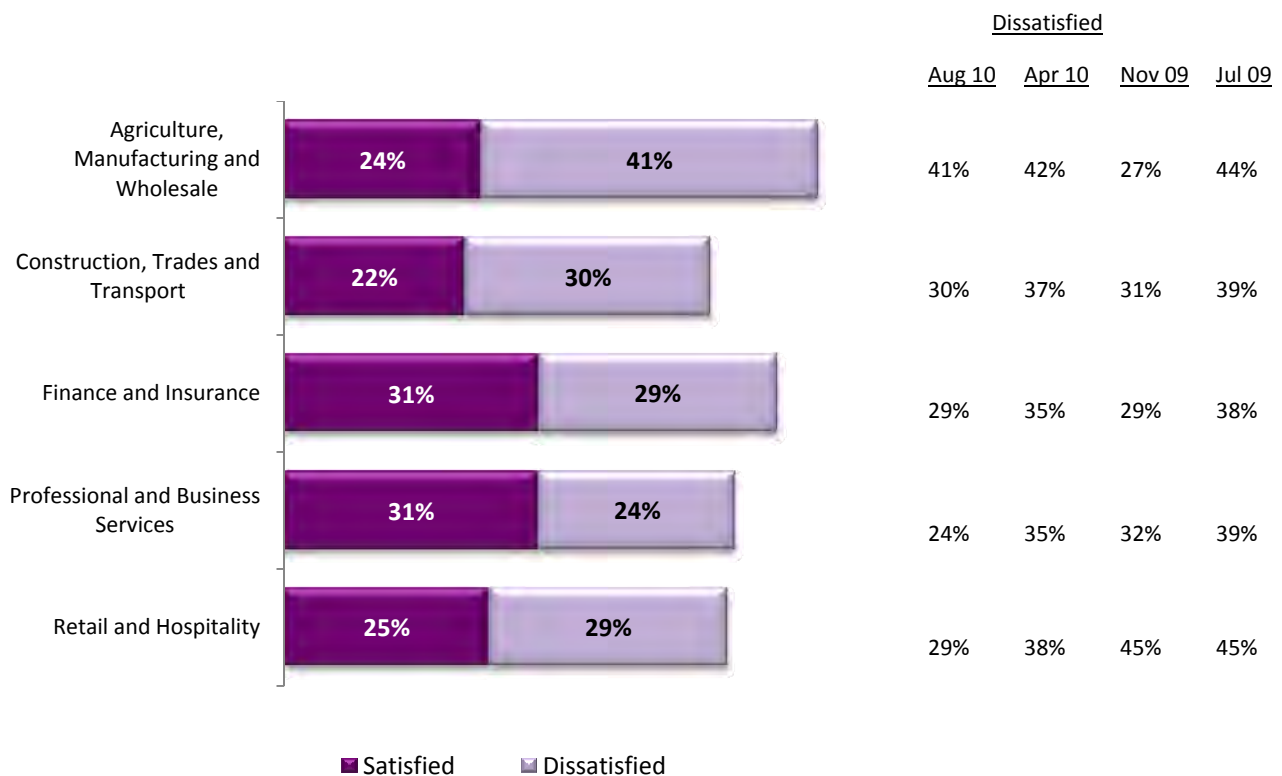
Figure 7.3: Satisfaction and dissatisfaction with Federal Government’s support of business: by State (% of n = 1,000)



Owners of businesses in the Agriculture, Forestry and Fisheries industries are the most dissatisfied with the support for business from the Federal Government

51% of business owners in the Agriculture, Forestry & Fisheries industries are dissatisfied with the Federal Government’s support, and 25% of these business owners are now satisfied with that support, which is twice the level of satisfaction of that sector (12%) reported in April 2010. This compares with owners of Manufacturing and Wholesale businesses, 35% of whom are dissatisfied and 24% of whom are satisfied. This contrasts with owners of Professional & Business Services businesses, 31% of whom are satisfied and 24% dissatisfied with the Federal Government’s support. *The responses of Agriculture, Forestry & Fishing, and Wholesale & Manufacturing businesses have been aggregated on Figure 7.4, as have been the responses of Construction & Trades and Transport businesses, in order to be able to compare them with the findings of earlier surveys.*

Figure 7.4: Satisfaction and dissatisfaction with the Federal Government’s support of business: by Industry (% of n = 1,000)



Business owner voting preference on fourteen potential Federal Government policies

Policies that would win most votes of business owners in Australia

Base: Business owners and directors (n = 1,000)

Q. With the Australian Federal election due in a few months' time, which of the following initiatives would you vote for or vote against on the basis that they might help or hinder your business? Please select only one on each line from 'Vote For', 'Vote Against' and 'Would Not Affect My Vote'.

The MYOB Business Monitor has found that five of fourteen possible policies researched would attract the most votes from business owners because of their ability to help their business. (See Figure 8)

1. Allowing small business to immediately claim up to \$5000 for depreciation of assets (74% For vs. 6% Against)
2. Legislating fee-free banking at the major banks for small businesses with fewer than 10 employees (73% For vs. 9% Against)
3. Providing a simplified and standard Business Activity Statement (BAS) form (68% For vs. 7% Against)
4. Assisting 24 months interest-free business financing packages from major banks for small business with fewer than 10 employees (64% For vs. 9% Against)
5. Lowering the small business tax rate from 30% to 29% (62% For vs. 8% Against)

The MYOB Business Monitor also found that there were five other policies that would attract far more 'Votes For' than they would attract 'Votes Against', and they are: (See Figure 8)

1. Providing Federal Government cash awards for small business innovations (58% For vs. 8% Against)
2. The introduction of a standard flat rate of tax on capital gains (44% For vs. 17% Against)
3. Making employees, not employers, responsible for their fringe benefits tax payments (41% For vs. 19% Against)
4. Having a Medicare-style 0.5% of income disability levy to replace worker's compensation insurance (39% For vs. 23% Against)
5. Providing guaranteed monthly income annuities in exchange for superannuation payouts (32% For vs. 18% Against)

Tellingly, there are four possible policies would attract more 'no' votes than 'yes' votes, and they are (in descending order of 'Vote For', and ascending order of 'Vote Against'):

1. A rise in the level of compulsory superannuation entitlement to 12% (33% For vs. 37% Against)
2. A coal and iron ore resources rental tax of 30% on \$50m+ profits (27% For vs. 36% Against)
3. Compulsory 6 weeks paid maternity leave for staff employed longer than 12 months (27% For vs. 36% Against)
4. A carbon tax on business determined by a percentage (22% For vs. 43% Against).

The business owners surveyed who would most likely vote for (in majority) or against (in majority) each of the fourteen possible policies researched are as follows:

1. ***Allowing small business to immediately claim up to \$5000 for depreciation of assets (74% For vs. 6% Against)***
 - Business owners in Agriculture, Forestry & Fishing (79%), in Transport (79%), in Queensland (79%), in Western Australia (78%), and who are sole traders (78%).
2. ***Legislating fee-free banking at the major banks for small businesses with fewer than 10 employees (73% For vs. 9% Against)***
 - Business owners in Rural Australia (84%), in Construction & Trades (83%), in Agriculture, Forestry & Fishing (82%) and who are sole traders (76%).
3. ***Providing a simplified and standard Business Activity Statement (BAS) form (68% For vs. 7% Against)***
 - Business owners in Construction & Trades (77%), and in Regional Australia (74%).
4. ***Assisting 24 months interest-free business financing packages from major banks for small business with fewer than 10 employees (64% For vs. 9% Against)***
 - Business owners in Agriculture, Forestry & Fishing (82%) and Rural Australia (77%).
5. ***Lowering the small business tax rate from 30% to 29% (62% For vs. 8% Against)***
 - Business owners in Western Australia (72%) and in Construction & Trades (71%).
6. ***Providing Federal Government cash awards for small business innovations (58% For vs. 8% Against)***
 - Business owners in Victoria (65%), in Construction & Trades (66%) and in Transport (63%).
7. ***The introduction of a standard flat rate of tax on capital gains (44% For vs. 17% Against)***
 - Business owners in South Australia (51%), Small Business (50%), Construction & Trades (49%).
8. ***Making employees, not employers, responsible for their fringe benefits tax payments (41% For vs. 19% Against)***
 - Business owners in Agriculture, Forestry & Fishing (57%) and Rural Australia (52%).
9. ***Having a Medicare-style 0.5% of income disability levy to replace worker's compensation insurance (39% For vs. 23% Against)***
 - Business owners in small business (50%) and Transport (48%).
10. ***Providing guaranteed monthly income annuities in exchange for superannuation payouts (32% For vs. 18% Against)***
 - Business owners in Transport (43%).
11. ***A rise in the level of compulsory superannuation entitlement to 12% (33% For vs. 37% Against)***
 - Business owners in Manufacturing & Wholesale (53% Against), Retail & Hospitality (46% Against) and Queensland (46% Against).

12. A coal and iron ore resources rental tax of 30% on \$50m+ profits (27% For vs. 36% Against)

- Business owners in Agriculture, Forestry & Fishing (55% Against), Finance & Insurance (44% Against), South Australia (43% Against) and Rural Australia (41% Against).

13. Compulsory 6 weeks paid maternity leave for staff employed longer than 12 months (27% For vs. 36% Against)

- Business owners in Manufacturing & Wholesale (50% Against), in mature (>10 years) businesses (46% Against), in Retail & Hospitality (43% Against), and in Queensland and South Australia (each 43% Against).

14. A carbon tax on business determined by a percentage (22% For vs. 43% Against)

- Business owners in Manufacturing & Wholesale (55% Against), Finance & Insurance (53% Against), in medium businesses (53% Against), and in Agriculture, Forestry & Fishing (52% Against).

Figure 8. Initiatives or policies that they would vote for or against on basis that they might help or hinder their business: by Total Sample (% of n=1,000)

